

Final Report

Worthing Employment Land Review Update

Prepared on behalf of Worthing Borough Council

Date of Report: 12 December 2013

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1 Introduction

- 1.1 Knight Frank LLP was instructed by Worthing Borough Council in September 2013 to provide a brief update report on the Employment Land Review that Knight Frank produced for the Borough Council in 2009.
- 1.2 The objective of the update was to highlight any key changes in the planning legislative framework that could impact on the supply and demand dynamics for employment uses within the Borough, as well as assessing any major changes to the local economy and employment sites.
- 1.3 This update report provides an interim position statement, designed to aid the Borough Council with planning policy decision making leading up to any future full review of the Core Strategy / Local Plan when a more comprehensive evidence base review may be required.
- 1.4 The update report seeks to build on the 2009 study by refreshing some of the datasets, such as the local economic information, major occupational changes in terms of the industrial estates and other employment sites, and market changes since 2009.
- 1.5 Therefore, the report is structured as follows:
 - Chapter 1: Socio-economic Profile;
 - Chapter 2: Planning Policy Framework;
 - Chapter 3: Existing Employment Stock;
 - Chapter 4: Demand Dynamics;
 - Chapter 5: Key Sites; and
 - Chapter 6: Conclusions and Recommendations.

2 Socio-economic Profile

- 2.1 Since the last report in 2009, the National economy has been through a period of recession. The economic climate at Autumn 2013 is more confident, although there remain concerns about the strength of the Eurozone economy and its impact on the UK economic prospects, coupled with the National Debt of £1.19 Trillion (75% of GDP).
- 2.2 At the local level, we have monitored a number of key socio and economic data indices and comment on each of these in turn.

Population

- 2.3 As at 2012, Worthing had an estimated total borough population of 105,700, an increase of over 2,900 since 2009.
- 2.4 The percentage of working age population in Worthing Borough (includes males aged 16-64 and females 16-59) as at 2012 was circa 61%, which is an increase on the 2007 figure of 58%. This proportion remains below the regional and national averages, although the gap has narrowed since 2007, where the South East figure was 61% (SE) and the Great Britain figure was 62%. This reflects, to some extent the anticipated short term fall in the proportion of elderly residents, although it is set to rise again with the 'baby boom' of the 1960s.

Table 2.1: Working age population (2012)

	Worthing	Worthing %	South East %	GB %
All people – working age	64,300	60.8%	63.1%	64.2%
Males – working age	31,600	62.2%	63.9%	65.0%
Females – working age	32,800	59.9%	62.3%	63.4%

Source: ONS mid-year population estimates

Employment Structure

- 2.5 The latest data set available on the employment structure in Worthing borough is for 2011. At this time, the economy was in recession. From the data it is clear that Manufacturing continues to be an important sector of the Worthing economy, although it continues to decline in terms of proportion of overall employees from 8% in 2007 to 6% in 2011. Between 2007 and 2011, there is an increase in Public administration, education & health from 34% to 39% possibly indicating a faster rate

of private sector job losses during this difficult economic time, especially with the loss of key employers such as Aviva. Public administration, education and health remains the largest sector of the Worthing economy followed by Wholesale/retail, and Finance, property & business services.

Table 2.2: Employee jobs (2011)

Sector	Worthing	West Sussex
Primary & utilities	2%	1%
Manufacturing	6%	8%
Construction	2%	4%
Motor Trades	2%	2%
Wholesale/retail	15%	16%
Transport & storage	2%	8%
Accommodation & food services	6%	8%
Information & communication	3%	3%
Financial, property & business services	13%	14%
Professional, scientific & technology	7%	6%
Public administration, education & health	39%	26%
Arts, entertainment & other services	3%	4%
Total	100%	100%

Source: ONS annual Business Register and Employment Survey 2011

- 2.6 In terms of large employers with 100+ employees, there has been no apparent change since 2009, with the same organisations still represented within the Borough, showing a good range of manufacturing, services and public sector employers. The GlaxoSmithKline manufacturing site in Southdownview Way, which employs more than 950 people is set to be upgraded. The firm is to spend £200 million, including funding a new bulk sterile building and filling line. This is positive investment in the borough showing GSK's commitment to the area and its workers.

Table 2.3: Large Firms of Worthing – 100+ employees (non-retail) 2013

Name	Business
Allergy Therapeutics plc	Treatment and prevention of allergy
B&W Loudspeakers Ltd	Hi-fidelity equip manufacturers
Bond International Software	Software compilers
Electronics Temperature Instruments	Digital thermometers
Environment Agency	Government Agency
Equiniti	Financial Services
Eurotherm Ltd	Design of data acquisition & industrial process
GlaxoSmithKline	Manufacturer of pharmaceuticals
Littlehampton Book Services	Book publishers distribution service
Marine & General Mutual Life Assurance	Life assurance
Aviva	Insurance company
Southern Water	Water supply
Stagecoach South Ltd	Public transport operator
Worthing Hospital/NHS West Sussex	Health
Worthing Borough Council	Local authority
Parexel MMS	Marketing & Advertising
Worthing College	Education
Guildcare	Care Homes
HSBC Invoice Finance (UK) Ltd	Finance
Northbrook College	Education
EDF Energy	Energy supply
Goring Hall Hospital	Health
World of Books	Book store
Saywell International	Aviation centre
Rosomac	Engineering

Source: Worthing Business Directory, Worthing & Adur Chamber of Commerce

- 2.7 In terms of employment by occupation, Worthing has a diversity of jobs, with an above average proportion of skilled trades, elementary occupations and associate professional & technical, and sales and customer services, but a below average proportion of administrative & secretarial occupations.

Table 2.4: Employment by occupation (Jan 2012 – Dec 2012)

Standard Occupational Classification Groups (2000)	Worthing (numbers)	Worthing (%)	South East (%)	Great Britain (%)
Group 1-3	21,600	43.5	48.2	44.2
1 Managers and senior officials	#	#	11.6	10.2
2 Professional occupations	10,000	19.9	21.1	17.6
3 Associate professional & technical	8,400	16.9	15.3	14.1
Group 4-5	12,100	24.4	20.7	21.5
4 Administrative & secretarial	4,500	9.0	10.7	10.9
5 Skilled trades occupations	7,600	15.2	9.9	10.4
Group 6-7	7,700	15.6	16.9	17.1
6 Personal service occupations	#	#	9.3	8.9
7 Sales and customer service occs	4,800	9.6	7.6	8.0
Group 8-9	8,200	16.5	14.2	17.3
8 Process plant & machine operatives	#	#	4.5	6.3
9 Elementary occupations	5,700	11.4	9.6	10.9

Source: ONS annual population survey

Business Structure

- 2.8 Since the last report in 2009, there have been changes to how VAT businesses are reported, which makes historic comparisons of datasets difficult. However, as at 2013, the number of VAT and/or PAYE based enterprises in Worthing was 3,135. The sectors within the highest number of enterprises are Professional, scientific & technical; Construction; and Retail.
- 2.9 Compared to the County and Regional position, Worthing borough has a higher proportion of businesses within Retail, Accommodation & food services; Information & communication; Finance & insurance; Property; Health; and Arts, entertainment, recreation and other services.

Table 2.5: Registered VAT and/or PAYE based enterprises by Industry (2013)

Sector	Worthing		W Sussex		South East	
	No.	%	No.	%	No.	%
Agriculture; forestry and fishing	10	0.32	1325	4.29	11385	3.35
Production	170	5.42	2005	6.49	18970	5.58
Construction	435	13.88	3980	12.88	43305	12.74
Motor Trades	70	2.23	910	2.95	10240	3.01
Wholesale	130	4.15	1505	4.87	15220	4.48
Retail	325	10.37	2440	7.90	25145	7.40
Transport & storage (inc. postal)	60	1.91	795	2.57	9535	2.80
Accommodation & food services	230	7.34	1560	5.05	16985	5.00
Information & communication	300	9.57	2665	8.63	35090	10.32
Finance & insurance	70	2.23	660	2.14	6615	1.95
Property	115	3.67	1055	3.42	11440	3.36
Professional, scientific & technical	530	16.91	5610	18.16	66675	19.61
Business administration and support services	205	6.54	2315	7.49	25160	7.40
Public administration and defence	5	0.16	90	0.29	900	0.26
Education	45	1.44	525	1.70	6250	1.84
Health	200	6.38	1210	3.92	12765	3.75
Arts, entertainment, recreation and other services	235	7.50	2240	7.25	24300	7.15
TOTAL	3135	100%	30890	100%	339980	100%

Source: Nomis – Current threshold for VAT is £79,000 per annum and PAYE is £9,440 per employee p.a.

- 2.10 The change in active enterprises during the period 2009-2011, which was the heart of the recessionary period, shows a small decline within both Worthing borough and West Sussex, and a small increase for the South East. In some ways, this demonstrates that Worthing was been fairly resilient during the recession in terms of maintaining the level of businesses.

Table: 2.6: Count of active enterprises 2009-2011

Date	Worthing	West Sussex	South East
2009	3,850	34,535	375,595
2010	3,880	34,500	377,315
2011	3,800	34,290	376,380
% change 09-11	-1.3%	-0.7%	0.2%

Source: Nomis

- 2.11 The number of business births in Worthing for 2011 is below the level for 2007 at 395, and proportionately it is lower than the birth rate both regionally and Nationally. Death rates at 580 for 2011 are significantly higher than in 2007, where the number was 360. The proportion of deaths at over 15% is higher than both the South East and England averages and a marked increase on 2007, where the proportion in Worthing was 9.6%.

Table 2.7: Enterprise Births and Deaths (2011)

			Worthing	South East	England
All Active Enterprises	Count	Enterprises	3775	369920	2001885
Births	Count	Enterprises	350	36915	207520
Births	%	Enterprises	9.3	10.0	10.4
Deaths	Count	Enterprises	580	45225	261880
Deaths	%	Enterprises	15.4	12.2	13.1

Source: Nomis

Economic activity and unemployment

- 2.12 Since 2008, the number of economically active people has increased from 48,300 to 52,500. However, the proportion of economically active people at 77% is lower than the 80% reported in 2008. The proportion of people in employment has slightly dropped since 2008, although the biggest shift has been from employees to self-employed. Whilst, the proportion of employees has decreased from 66% to 54% since 2008, the proportion of self-employed has increased from 10% to 19%.

Table 2.8: Employment and unemployment (Jul 2012 – Jun 2013)

	Worthing (numbers)	Worthing (%)	South East (%)	Great Britain (%)
All people				
Economically active	52,500	77.0	79.7	77.3
In employment	50,100	73.3	74.7	71.1
Employees	36,900	54.0	63.4	61.0
Self employed	13,100	19.3	10.9	9.5
Unemployed (model-based) [§]	3,500	6.6	6.2	7.8
Males				
Economically active	29,900	90.3	85.6	83.1
In employment	28,700	86.4	80.1	76.1
Employees	19,400	57.7	65.2	62.3
Self employed	9,400	28.8	14.6	13.2
Unemployed	#	#	6.2	8.2
Females				
Economically active	22,600	65.0	74.0	71.4
In employment	21,300	61.4	69.3	66.1
Employees	17,600	50.6	61.6	59.7
Self employed	#	#	7.3	5.9
Unemployed	#	#	6.2	7.3

Source: ONS annual population survey- § numbers and % are for those aged 16 and over

- 2.13 The pattern of JSA claimants since 2007, shows the impact of the recession on the unemployment figures, with a peak in January 2010 at 3.7% in Worthing and a turbulent pattern to the 2.9% in January 2013. The proportion of JSA allowance claimants in Worthing has traditionally been below the National average, but slightly above the regional average.

Table 2.9: All Job Seekers Allowance (JSA) Claimants Jan 2007 - Jan 2013

Total	Worthing	Worthing	South East	Great Britain
	Count	%	%	%
Jan 07	854	1.4	1.5	2.4
Jan 08	857	1.4	1.3	2.1
Jan 09	1687	2.7	2.2	3.2
Jan 10	2364	3.7	3.0	4.0
Jan 11	1876	2.9	2.5	3.6
Jan 12	1989	3.1	2.7	4.0
Jan 13	1847	2.9	2.5	3.8

Source: Nomis

Qualifications and skills

- 2.14 The latest data on skills and qualifications shows that Worthing borough has a higher proportion of residents with NVQ4, 2 and 1 and above compared to the National average, but a lower proportion of NVQ3 and above. This shows good educational attainment at the top end, and at the lower end, with a gap in the middle area of qualifications.

Table 2.10: Qualifications and skills (Jan 2012 - Dec 2013)

	Worthing (numbers)	Worthing (%)	South East (%)	Great Britain (%)
NVQ4 and above	24,000	36.8	36.8	34.4
NVQ3 and above	34,500	52.9	58.2	55.1
NVQ2 and above	50,300	77.2	75.4	71.8
NVQ1 and above	58,400	89.6	87.7	84.0
Other qualifications	#	#	5.4	6.3
No qualifications	#	#	6.9	9.7

Source: ONS annual population survey

Earnings

- 2.15 Gross weekly pay in Worthing borough is now lower than the National position, which is a key change since 2008, although this is a product of female full-time weekly earnings being considerably lower than the National average, and may reflect the local economic conditions with a greater proportion of jobs in tourism and hospitality sectors.

Table 2.11: Earnings by residence (2012)

	Worthing (pounds)	South East (pounds)	Great Britain (pounds)
Gross weekly pay			
Full-time workers	488.2	555.8	508.0
Male full-time workers	553.7	613.3	548.8
Female full-time workers	415.8	479.1	449.6
Hourly pay			
Full-time workers	12.76	14.24	12.88
Male full-time workers	14.37	15.32	13.48
Female full-time workers	11.17	12.83	12.04

Source: ONS annual survey of hours and earnings - resident analysis

Key Issues

2.16 The key issues identified from the socio-economic review are:

- Worthing's population continues to increase with circa 3,000 more residents than in 2009.
- Manufacturing remains an important sector of the economy, but the proportion of total employees continues to fall.
- Public administration, education and health remains the largest sector in terms of employees in the borough, followed by Wholesale/retail, and Financial, property and business services.
- The business structure has experienced some turnover in the quantum of businesses during the recessionary years, with a small overall loss. However, all of the borough's principal firms (100+ employees) are still represented, showing a fairly resilient economic base.
- There appears to have been a major increase in the numbers of self-employed since 2008, which may point to redundant employees setting up in business on their own. This may have implications for business space, especially when a number of these businesses potentially grow and it stimulates relocations from home to formal business premises.
- As at October 2013, the unemployment rate in Worthing was 2%, which is comparable to West Sussex County at 1.9% and below the National level at 3%.
- Female full-time weekly wages in Worthing are now significantly lower than the National average.

3 Planning Policy Review

National Policies

National Planning Policy Framework

- 3.1 Since the last report was produced in 2009, the Government has published the National Planning Policy Framework (March 2012). The NPPF includes the presumption in favour of sustainable development, which is stated as a “golden thread” running through both plan making and decision making.
- 3.2 In terms of plan making, the NPPF states that local planning authorities should positively seek opportunities to meet the development needs of their area, and meet objectively assessed needs, with sufficient flexibility to adapt to rapid change.
- 3.3 The NPPF includes a series of objectives for building a strong, competitive economy, directing local planning authorities to plan proactively to meet the development needs of business. In drawing up Local Plans, the NPPF states that local planning authorities should:
 - *set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;*
 - *set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;*
 - *support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;*
 - *plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;*
 - *identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and*
 - *facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.*

In addition, the NPPF states that planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose.

- 3.4 In relation to town centres, the NPPF reinforces the role of uses including offices to ensure the vitality and viability of town centres. There is also the requirement to allocate a range of suitable sites to ensure that the needs of town centre uses, including offices are met in full and are not compromised by limited site availability.

- 3.5 The NPPF includes office development along with retail and leisure uses within the guidance on the sequential approach to planning applications for town centre uses. However, it does state that this is only applied where there is no policy provision within an up-to-date Local Plan. In the previous 2009 report, the role of offices in town centre, edge of centre and out of town locations was quantified, together with the importance of protecting key office locations within and at the edge of the town centre.

General Permitted Development Order

- 3.6 Recent changes to the Town and Country Planning (General Permitted Development Order) (Amendment) (England) Order 2013 which came into force on 30 May 2013 allows a change of use from B1a offices to C3 – Housing or D1 – state funded school.
- 3.7 The changes to the GPDO will apply for three years and cease on 30 May 2016. Therefore the use as a home must have begun by this date.
- 3.8 There remains a prior approval process with the local planning authority to ensure that the change of use does not create a material impact that would require a planning application to be submitted i.e. changes to exterior of the building, impacts on highways, flooding, contamination etc.
- 3.9 Certain local authorities are exempt from the change of use from B1a to C3/D1 (D1 state funded schools only) including a number of London boroughs, and several rural districts such as East Hampshire, Vale of White Horse and Sevenoaks (where towns or specific sites are exempt). Worthing borough's application for exemption, despite scoring relatively highly, was dismissed by the Secretary of State.
- 3.10 Local planning authorities do have the powers under Article 4 Directions from the 1995 Order to suspend permitted development rights in a particular location, including the potential changes of use to the B1a class. However, the Secretary of State has the power to modify or cancel the Article 4 Direction, and given the recent decision not to exempt Worthing, this approach may not be successful.

Other National Important Policies

Energy Act 2011

- 3.11 A potential key change in relation to the sustainability performance of existing commercial buildings is the Energy Act 2011, which makes provisions for buildings with Energy Performance Certificates rated F and G to be unlawful to let from April 2018. This applies to both residential and commercial leasehold buildings.

- 3.12 Further details are likely to materialise in due course in terms of how the legislation is applied to different types of properties (e.g. industrial, offices etc.) what is defined as leasehold (e.g. would long leasehold properties be exempt) and how listed buildings are to be treated. However, the overall impact of these changes could lead to a number of potential options for landlords, including:
- investing in buildings to improve EPC rating;
 - selling the freehold interest of buildings to owner occupiers;
 - seeking change of use to residential, from under-performing office buildings, where it is financially viable.
- 3.13 A number of the office buildings currently on the market in Worthing have an EPC rating of F, which would provisionally fall within the unlawful threshold in April 2018.

Local Policies

Worthing Borough Council – Core Strategy

- 3.14 The Council adopted its Core Strategy in April 2011, which was prior to the publication of the NPPF. It is acknowledged that a full employment land review will be required as part of any comprehensive update of the Core Strategy in due course.
- 3.15 The employment policies within the Core Strategy are not deemed to conflict with the new policies within the NPPF, following a conformity review undertaken by the Council.
- 3.16 The 2009 Employment Land Review at this time identified the following floorspace forecasts over the plan period up to 2026:
- Industrial and warehousing = 780,000 sq.ft.
 - Offices = 240,000 sq.ft.
- 3.17 The two key employment policies within the Core Strategy are Policy 3 and Policy 4.

Policy 3

Providing for a Diverse and Sustainable Economy

Delivering sustainable economic growth by ensuring that the right conditions are created.

This will be done by:

- *Identifying sufficient sites in sustainable locations to provide for a range of employment space to meet the needs of current and future business needs*
- *Promoting the delivery of new town centre office space through major new mixed-use schemes*

- *Promoting key employment areas for reinvestment, intensification and redevelopment to bring about upgraded and additional employment floor space*
- *Identifying employment renewal opportunities for under-utilised and vacant premises*
- *Making more efficient use of existing and underused accessible employment sites*
- *Supporting the development of tourism, leisure, sporting and creative industries with particular emphasis on the town centre and seafront locations*
- *Improving the skills and educational achievement of the town's residents to match business needs, by working with the agencies responsible for their delivery*
- *Promoting a greater choice of start up /serviced offices*
- *Investigating the opportunity for a business incubator with key partners*
- *Supporting the improvement of ICT infrastructure through the provision of ICT enabled sites, premises and facilities and the support of home-based business.*

3.18 **Policy 4**

Protecting Employment Opportunities

1. Safeguarding existing employment areas. The following key industrial estates and business parks will be protected:

- *Broadwater Business Park*
- *Northbrook Business Park*
- *Northbrook Trading Estate*
- *Canterbury Road (including Garcia Trading Estate)*
- *Downlands Business Park*
- *East Worthing Industrial Estate*
- *Faraday Close*
- *Goring Business Park*
- *Ivy Arch Road*
- *Meadow Road Industrial Estate*
- *Yeoman Way*

The following key office locations will be protected:

- *Liverpool Terrace/Liverpool Gardens*
- *Chatsworth Road*
- *North Street/High Street*
- *Railway Approach*
- *Crescent Road*
- *Farncombe Road*

2. Outside the protected employment areas the conversion or redevelopment of land and buildings currently in employment use or last used for employment purposes will be resisted unless it can be satisfactorily demonstrated that the site (or part of the site) or premises is genuinely redundant and is unlikely to be re-used for industrial or commercial use within the Plan period, having regard to the following factors:

- The site, with or without adaptation, would not be capable of accommodating an acceptable employment development.*
- No effective demand exists or is likely to exist in the future to use the land or buildings for employment generating activities. Consideration should include the length of time the property has remained vacant, the attempts made to sell/let it and the demand for the size and type of employment premises in the area.*
- The condition of the property and the works required to make it suitable for an employment use, either through refurbishment or redevelopment, would be uneconomic.*
- The loss of a small proportion of floorspace would lead to a significant upgrade of the remaining employment floorspace.*
- The existing use conflicts with neighbouring uses.*

3.19 In addition to these two policies, the Core Strategy includes site specific policies for a number of employment sites (Areas of Change) including:

- Land at Martlets Way – mixed use employment/residential;
- The Warren, Hill Barn Way – employment generating uses;
- Northbrook College, Durrington Site – residential and employment generating uses;
- Decoy Farm – B1, B2, B8 units or open storage

3.20 Since the publication of the Core Strategy, Worthing College has relocated to The Warren, and land at Northbrook College has been developed for residential, with no supporting employment floorspace, apart from a car showroom and 60 bed extra care home. Part of the Decoy Farm site has been utilised as a household waste recycling site. Martlets Way remains undeveloped.

Worthing Borough Council – Sustainable Economy SPD

- 3.21 Following the adoption of the Core Strategy, the Council published a Supplementary Planning Document on the Sustainable Economy in February 2012. The SPD was designed to provide more planning guidance on Policy 4 – Protecting Employment Opportunities and Policy 5 – The Visitor Economy. The SPD was published prior to the NPPF and the changes to the GPDO.
- 3.22 The SPD sets out the criteria to assess planning applications involving the proposed loss of employment space outside of protected Industrial Estates and Business Parks. In assessing all applications for the redevelopment of employment sites/premises in these locations, the Council's stated starting point is to retain all employment sites/premises that are considered suitable in land use terms for continued employment use.
- 3.23 The Council also adopts a sequential approach towards proposals for the redevelopment of employment land, as follows:
- *To retain suitable and viable sites in employment uses as the first preference in all cases;*
 - *Where a site is not deemed suitable and/or viable against the tests in this SPD, then the preference is for other employment-generating uses (B class uses) on the site (subject to other material planning considerations) and/or a mixed use development which can be used to cross-subsidise the delivery of new employment uses as part of the site;*
 - *To consider alternative employment generating uses outside of the 'B' use classes.*

Adur & Worthing Economic Plan 2013-2023

- 3.24 Adur & Worthing Council has produced an Economic Plan for the two borough areas, which sets out a series of objectives to stimulate business activity over the next ten years. The key economic priorities identified within the Plan are as follows:
- *Support business;*
 - *Develop growth;*
 - *Enhance business environment;*
 - *Advance local skills;*
 - *Encourage sustainability; and*
 - *Promote health & wellbeing.*

3.25 In terms of land use objectives, the Economic Plan identifies several aims, including:

- *Support businesses to identify suitable commercial premises;*
- *Encourage the development of strategic sites;*
- *Identify new opportunities to create employment floorspace; and*
- *Ensure local employment floorspace provision meets business needs.*

Key Issues

3.26 The key issues arising from the Policy review are:

- Since the 2009 report, the Government has introduced the NPPF, with the presumption in favour of sustainable development, and the need for Council's to evidence a five-year housing supply. This is placing considerable pressure of local planning authorities to find additional housing sites, and as a result under-performing or redundant employment buildings and sites are key targets in many areas, especially where the quantum of potential greenfield housing sites is limited.
- The temporary changes to the B1a class within the GPDO has increased the focus on under-performing commercial properties, as the Government seeks to utilise all potential space for the delivery of housing.
- An additional pressure, especially for office buildings is the proposed limitation to the letting of properties with an EPC rating of F or G, which provides landlords with a time horizon for making decisions in the context of the GPDO to either seek a change of use now to residential or invest in the building to meet this future EPC rating threshold.
- The current Core Strategy has a protectionist policy towards industrial and office floorspace, which may be more difficult to implement if the GPDO changes are made permanent.

4 Existing Employment Stock

- 4.1 In this section of the report, we focus on the supply-side characteristics of the employment stock in Worthing, highlighting any apparent changes since the 2009 study, and any potential changes to protected employment sites that should be considered as part of any future update of the Core Strategy.

Total Stock Position

- 4.2 Official statistics from the Valuation Office Agency on office and industrial floorspace have not been updated since 2008, as previously reported in 2009. However, unofficial (Experimental) data released by the VOA in 2012 estimates the following totals in Worthing borough:
- Industrial and Warehousing = 2.73m sq.ft. (254,000m²)
 - Offices = 1.66m sq.ft. (154,000m²)
- 4.3 Since 2008, the quantum of industrial and warehousing floorspace is estimated to have decreased by 320,000 sq.ft. and offices by 230,000 sq.ft. These figures should be treated with caution, as the comparison is between an official dataset and an unofficial dataset. Where these figures can be relied upon, it may reflect the change in the economy over this recessionary period and the impact on commercial floorspace as a result.

Industrial Estates and Business Parks

- 4.4 The key industrial estates and business parks within Worthing borough are:
- Broadwater Business Park (including Northbrook Trading Estate and Northbrook Business Park);
 - Canterbury Road (including Garcia Trading Estate);
 - Downlands Business Park;
 - East Worthing Industrial Estate;
 - Faraday Close;
 - Goring Business Park;
 - Ivy Arch Road;
 - Meadow Road;

- Station Road; and
- Yeoman Way.

4.5 There has been little change to the established industrial estates since 2009 with the demolition of the Eurotherm facility at East Worthing Industrial Estate the most significant change in terms of total floorspace (although we anticipate a new employment building on this site in the near future).

Table 4.1: Size of Key Employment Areas

Employment Area	Land Area (Acres)	Land (Hectares)	Number of Units	Total Floorspace (sq.ft.)
Broadwater Business Park	51	21	62	875,415
Canterbury Road	4	2	16	104,726
Downlands Business Park	9	4	13	200,071
East Worthing Industrial Estate	47	19	104	880,299
Faraday Close	19	8	10	392,624
Goring Business Park	13	5	53	253,375
Ivy Arch Road	7	3	26	163,502
Meadow Road	19	8	41	287,180
Station Road	1	0.4	22	25,825
Yeoman Way	11.5	5	16	143,366
Total	181.5	73	363	3,326,383

Source: Knight Frank Survey 2013/Coastal Industrial Estate Survey 2005 Base

- 4.6 There have been several changes to the vacancy levels within the industrial estates over the period since 2009. Overall, the vacancy rate has fallen from 8.5% in 2009 to 4.5% in 2013, which may reflect the greater confidence in the economy. On the majority of estates and business parks, the vacancy rate has decreased since 2009 and remains at a low position, with only Downlands Business Park above 10% (although this is one unit).
- 4.7 East Worthing Industrial Estate has experienced some recent take-up with Ram Pumps and PSG taking units at Hazlewood Close due to their affordability.

Table 4.2: Vacancy Levels within Key Employment Areas

Employment Area	Total Floorspace sq.ft.	Vacant Floorspace sq.ft.	Vacancy Rate %
Broadwater Business Park	875,415	12,163	1
Canterbury Road	104,726	0	0
Downlands Business Park	200,071	24,843	12
East Worthing Industrial Estate	880,299	80,094	9
Faraday Close	392,624	6,559	1
Goring Business Park	253,375	9,516	4
Ivy Arch Road	163,502	0	0
Meadow Road	287,180	16,134	6
Station Road	25,825	636	2
Yeoman Way	143,366	4,200	3
Total	3,326,383	154,145	4.5%

Source: Knight Frank Survey 2013

- 4.8 Knight Frank has made a slight update to the survey of the quality of industrial premises within the key employment areas since 2009, as it is anticipated little change has occurred over this period, other than the demolition of the Eurotherm building at East Worthing Industrial Estate. The table below shows this change. There continues to be several industrial estates where the existing stock is characterised by a high proportion of "Grade C" premises (requiring attention). These estates included Canterbury Road (including Garcia Trading Estate), Ivy Arch Road, and Station Road, all of which are located adjacent to the railway line in predominantly residential areas. Canterbury Road and Station Road in particular are located in residential streets, where access and parking arrangements appear to be constrained. However, these estates remain popular with occupiers as demonstrated by the low level of vacancy rates.
- 4.9 It appears from our recent visits to the industrial estates that no new premises have been developed since 2009.

Table 4.3: Quality of Industrial Premises within Key Employment Areas

Employment Area	Number of Units	Grade A %	Grade B %	Grade C %	Grade D %
Broadwater Business Park	62	31	50	19	0
Canterbury Road	16	0	13	88	0
Downlands Business Park	13	100	0	0	0
East Worthing Industrial Estate	105	6	80	13	0
Faraday Close	10	50	50	0	0
Goring Business Park	53	15	58	23	4
Ivy Arch Road	26	0	12	88	0
Meadow Road	41	46	34	20	0
Station Road	22	36	0	64	0
Yeoman Way	16	100	0	0	0
Total	364	25.8	45.6	28.0	2.1

Offices

4.10 As at 2009, the proportional split in the office stock across the borough was as follows:

- Town Centre = circa 25% of the overall floorspace;
- Edge-of-Centre = circa 15% of the overall floorspace; and
- Out-of-Town = circa 60% of the overall floorspace.

However, since this time there have been several significant changes in the stock, including the loss of The Causeway and The Warren, so we anticipate that the 60% of Out-of-town stock has reduced.

4.11 The key out-of-town occupiers are:

- Inland Revenue offices at Barrington Road, Goring – circa 250,000 sq.ft.
- Southern Water Services at Yeoman Way – circa 60,000 sq.ft.
- EDF Energy, East Worthing Industrial Estate – circa 53,000 sq.ft.
- West Sussex County Council, Durrington – circa 50,000 sq.ft.
- Equiniti, Yeoman Way – circa 50,000 sq.ft.

4.12 Yeoman Gate remains the most recent out-of-town office development, designed for small local business requirements on a freehold or leasehold basis.

4.13 Two major office complexes have experienced a change of use since 2009. The former Lloyds Bank buildings at The Causeway, Goring-by-Sea providing 63,000 sq.ft. has planning permission for 154 residential apartments plus circa 22,000 sq.ft. of A1

retail and is currently being marketed as a development sites. In addition, The Warren at Hill Barn Lane, which was the former Aviva office complex, and comprised 125,000 sq.ft. of floorspace was purchased by Worthing College and is now in educational use and some housing.

- 4.14 It is understood that part of the office site used by the Inland Revenue is currently being promoted as a potential housing / mixed-use site through the review of the council's Strategic Housing Land Availability Assessment (SHLAA)
- 4.15 The recent closures and impending closures of large office complexes it not surprising given the impact of the economy both in terms of private and public sector finances. Worthing is not considered to be a major focus for Foreign or National inward investment, especially for office-based companies, as London and the M4/M3 corridors continue to be the primary centre of demand and development activity. Changes in the public sector are also inevitable given the National Debt and the need to rationalise working practices and lease events.
- 4.16 Closer to the town centre, the clusters of edge-of-centre offices at Worthing railway station, Little High Street/High Street, Farncombe Road, and Grafton Road and Crescent Road continue to play a key role in terms of office employment. The key occupiers are:
- MGM Advantage, Heene Road – circa 39,000 sq.ft.;
 - Inland Revenue, Railway Approach – circa 29,000 sq.ft.;
 - Parexel MMS Europe Ltd (Medical Communications), High Street (North) – circa 21,000 sq.ft.;
 - Wilfred T Fry Ltd (Financial planning), Crescent Road – circa 20,000 sq.ft.;
 - HSBC (Asset Finance Dept.), Farncombe Road – circa 12,000 sq.ft.;
 - Quest Duthoit Ltd (Chartered Accountants), Farncombe Road – circa 12,000 sq.ft.; and
 - Marlin Financial Services Ltd (Financial recovery services), Grafton Road – circa 10,000 sq.ft.
 - Carpenter Box, Amelia House, Crescent Road – circa 5,800 sq. ft.
- 4.17 Within the town centre, the key clusters of office accommodation can be found at Liverpool Terrace/Liverpool Gardens, The Council Offices/law Courts at Richmond Road, Chatsworth Road, Chapel Road, and North Street/High Street. The key town centre occupiers are:
- Worthing Borough Council, Richmond Road – circa 50,000 sq.ft.;
 - Environment Agency, Chatsworth Road – circa 36,000 sq.ft.;

- Department of Work and Pensions, High Street – circa 28,000 sq.ft.; and
 - Thomas Eggar (lawyers), Liverpool Gardens – circa 12,000 sq.ft.
- 4.18 The town centre has experienced some recent investment with Fresh Egg, a digital marketing company taking occupation of the former Allied Carpets unit at Buckingham Road.
- 4.19 To date, the Council has received two notifications for the change of use from existing B1a office building to C3 residential under the revised GPDO. These notifications include:
- 56A Chapel Road (offices above a ground floor pub); and
 - 1A Ambrose Place (period property)

We would anticipate additional pressure for change of use at Liverpool Terrace given that these properties were originally town houses built circa 1830. Whereas, more modern office buildings may be more difficult to convert to residential, especially where the floor to ceiling heights is small.

- 4.20 With continuing losses of office space in out-of-town locations, it is important to retain the heart of the office market within the town centre and key edge-of-centre locations. This not only provides important job opportunities for local residents, but helps to underpin the town centre economy with expenditure within shops and services from office workers.
- 4.21 There continues to be a limited supply of serviced offices within the town. The key locations are:
- Columbia House;
 - No. 8 High Street;
 - Railway Approach;
 - CPL House, Ivy Arch Road; and
 - Oaklands Business Centre, Elm Grove.
- 4.22 These serviced office locations do not provide associated business support, and there continues to be a lack of business incubation space within the borough.
- 4.23 However, we understand that the Council is considering several options for the promotion of such a facility, including space within the Guildbourne Centre. This would be a welcome addition to the business infrastructure, and be an important focal point to nurture and develop new businesses within the town and borough.

Key Issues

4.24 The key issues arising from the stock audit are:

- There has been little change in the industrial stock since 2009, although occupancy levels have risen and remain high indicating a potential shortage of space.
- Within some industrial estates the proportion of ageing stock continues to be high, and some continue to have issues with car parking and access arrangements within predominantly residential areas.
- The office stock has experienced some significant losses, especially in out-of-town locations, although the edge-of-centre and town centre stock has experienced little change since 2009, although the effect of the changes to the GPDO is starting to happen.
- The provision of incubator and serviced office space remains limited in the borough and an improvement to the provision both in terms of quantum and associated business support would help the increasing numbers of self-employed businesses.

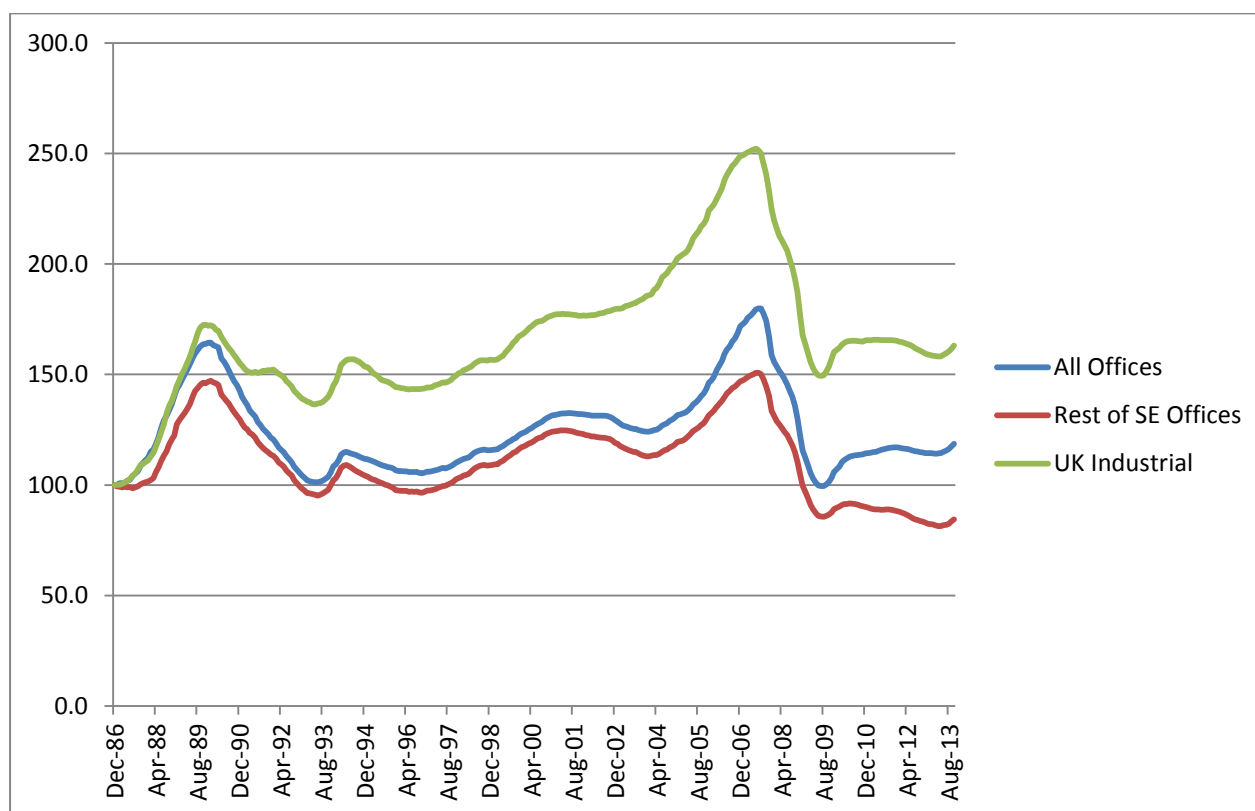
5 Demand Dynamics

- 5.1 In this section of the report, we focus on the demand-side characteristics of the employment base in Worthing borough. The analysis of demand will consider the take-up of office and industrial/warehousing premises in the borough, taking account of the previous take-up statistics reported in 2009.

National Investment Market Overview

- 5.2 The first reading of Q3 UK GDP came in as expected at 0.8%, marking a third consecutive quarter of growth. As in the previous quarter, expansion was recorded in all the main industry sectors, pointing to a broad-based recovery. The strongest growth came from construction, where the 'Help to Buy' Scheme is having a significant impact on house building.
- 5.3 Further good news came from the PMI index for UK services which hit a 16 year high in October of 62.5 – a reading of over 50 points to growth. The index was buoyed by rising levels of employment and new business.
- 5.4 Inflation appears to have stabilised at 2.7%, which is inside the Bank of England's 1-3% band. This will reduce pressure on the Bank to raise the base rate for now. However, inflation remains well above the rate of pay growth.
- 5.5 The IPD all property capital growth index rose by 0.60% month-on-month, its strongest rate of expansion since April 2010. This marks the fifth month in a row of rising capital values, showing improving confidence in the property market.
- 5.6 Offices continue to lead the recovery with the sector's capital growth index recording an increase of 1.03%, followed by industrial at 0.72%. Retail saw its second consecutive month of capital growth – up 0.28% month-on-month.
- 5.7 Figure 5.1 below shows the trends in capital values since 1986, including the peak during 2007 for both industrial and office property followed by the period of recession and cautious recovery that the market is currently experiencing. The total UK offices category is heavily skewed by the central London market, and this accounts for the poorer performance of the South East office market in comparison.

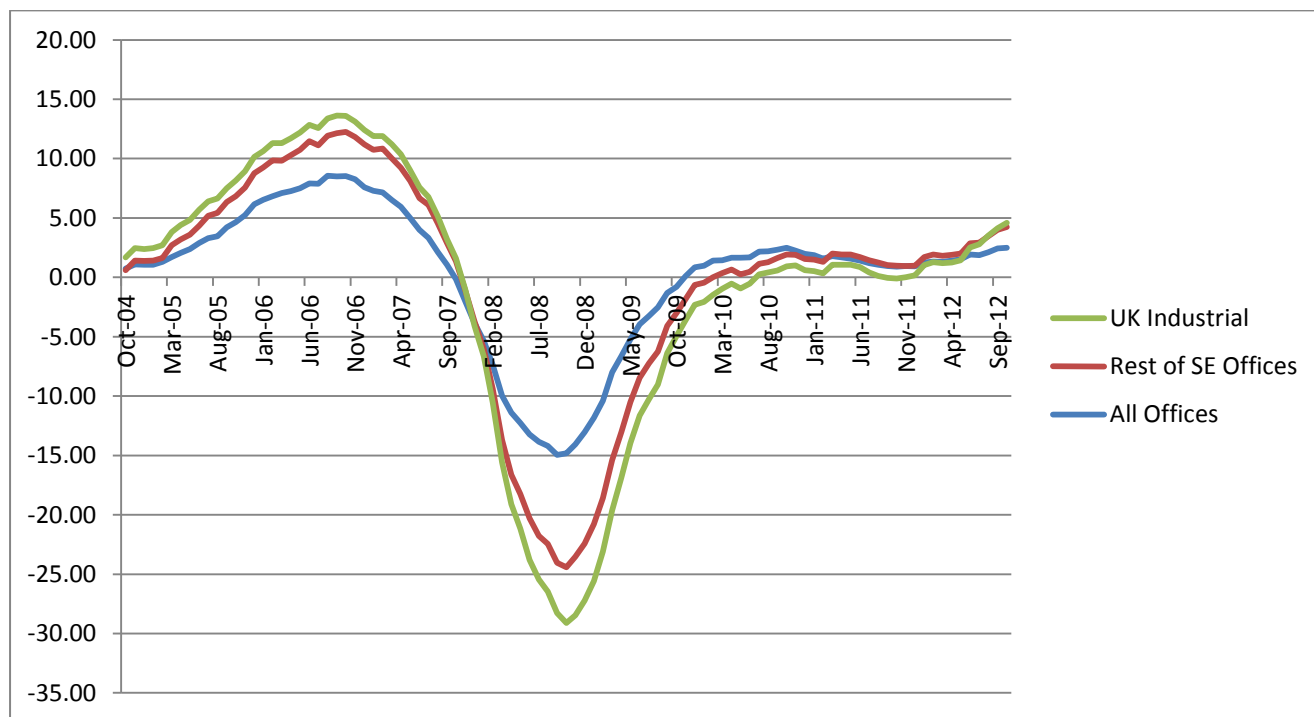
Figure 5.1: Capital Value Index Since December 1986



Source: IPD

- 5.8 In terms of rental growth, Figure 5.2 shows how rental growth grew annually during the mid-2000s, before dipping into negative growth during the latter part of 2007 through to 2010. Since 2010, there has been a period of static growth followed by a steady positive increase since 2012, indicating greater confidence in the leasehold market and investment markets.

Figure 5.2: Average UK Rental Growth Since July 2004 (Annual % Change)



Source: IPD

Office Market Analysis

- 5.9 The office market in Worthing is characterised by a small number of large occupiers, together with a plethora of small localised businesses. Most of the market demand tends to be focused on smaller requirements.
- 5.10 There has been little change in Worthing's office rental values since 2009, with prime rents in the borough remaining at £15.50-16.00psf per annum, and second-hand stock in the town centre ranging from £8.00-£14.00psf per annum.
- 5.11 Comparable rental values in Brighton and Crawley show a significant 'step-up' at £23.50psf per annum and £24.50psf per annum respectively, which demonstrates the greater demand for office space in these two locations.
- 5.12 Local agents suggest that landlords are considering options for the conversion of office suites and buildings over a 1,000 sq.ft., due to a lack of demand. In general terms demand in Worthing is low, although there is some movement of businesses from higher rents in Brighton.
- 5.13 Worthing is located outside of the M25 office market, which is viewed as the premier out-of-town office location in the UK. The M25 market is experiencing improved sentiment with take-up in Q3 2013 at 696,981 sq.ft., the highest since Q4 2011 and

10% above the 10-year quarterly average. Strong take-up in Q3 prompted a marked fall in availability. In the M25, the vacancy rate fell from 7.8% to 7.4% during Q3, its lowest level since Q1 2009.

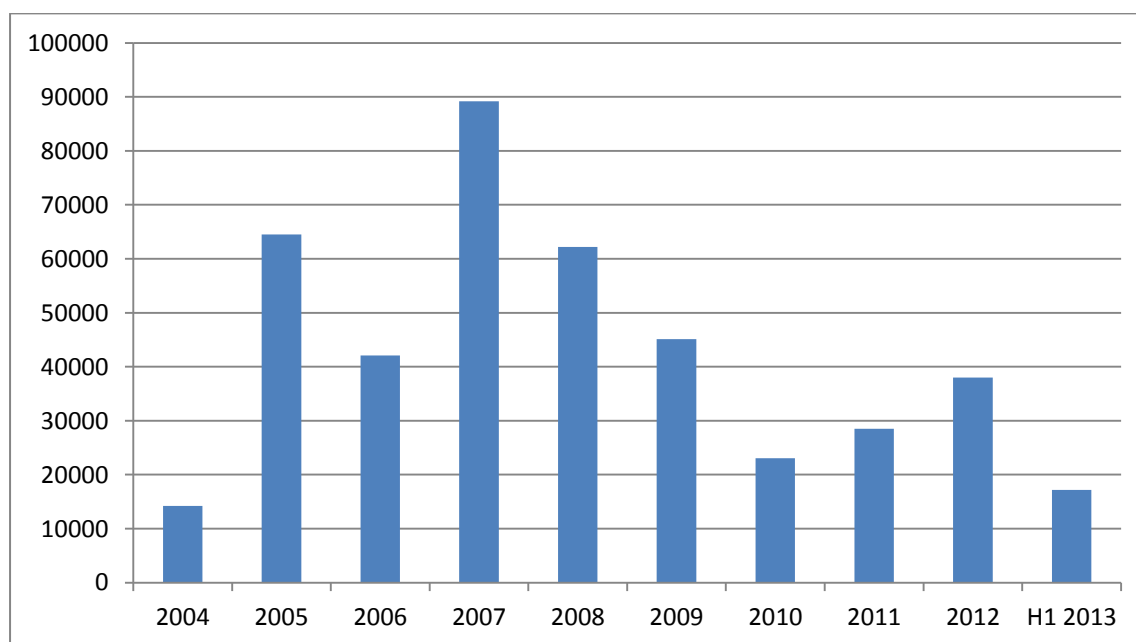
- 5.14 Speculative development in the M25 market remains cautious given the amount of existing stock available. Q3's only new speculative completion was Tor, Maidenhead, a 66,655 sq ft development by Rockspring, Blackrock and Bell Hammer. Speculative development has been broadly stable throughout 2013, with close to 1m sq ft underway across 11 schemes in the M25. Four schemes are in Staines, reflecting improved developer confidence in this market and its current shortage of supply.
- 5.15 Renewed investor confidence in shorter income stock is positive for the development market. Over the next 12 months, investors and developers are increasingly expected to target short income stock and land, with a view to subsequently repositioning buildings through refurbishment and developing new schemes. This activity will be restricted to tightly supplied markets where rental levels ensure viability.

Table 5.1: Current Office Rental Values

Location	Rents (£ per sq ft pa)
Brighton – Grade A	£23.50
Crawley / Gatwick – Grade A	£24.50
Worthing - Grade A (out of town)	£15.50 - £16.00
Worthing - Grade A Town Centre	£12.00 - £14.50
Worthing– Grade B Period	£8.00 - £10.00

- 5.16 Figure 5.3 shows the take-up of offices over the period 2008 to H1 2013. The pattern of take-up shows the impact of the recession with the dip between 2008-2010, before the recovery during 2011-2012. The average annual take-up between 2004-2012 was 45,200 sq.ft.
- 5.17 The number of transactions between 2004-2012 has ranged from 5 to 28, with the average number of transactions over this period being 16 per annum. The number of transactions during 2012 was 28, the highest over the period, and higher than 26 recorded in 2008.

Figure 5.3: Office Take-up in Worthing (sq.ft.)

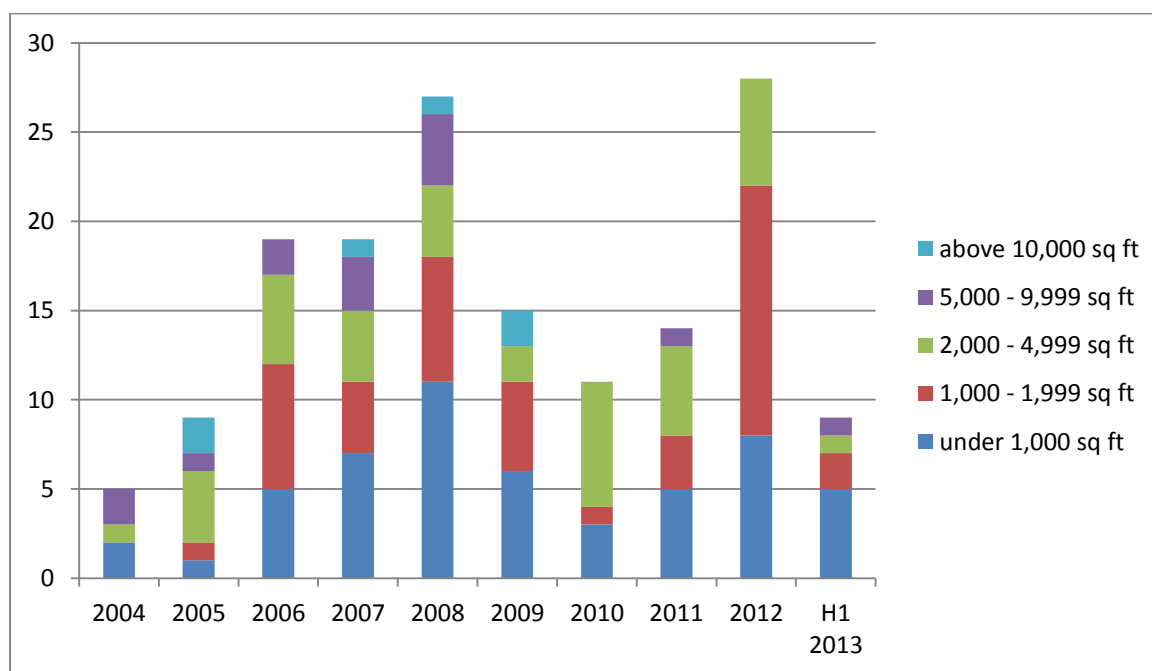


Source: Knight Frank, CoStar, EGI

5.18 The majority of the transactions in Worthing (87%) are small requirements of below 5,000 sq.ft., with over one-third of requirements for units below 1,000 sq.ft. as shown in Figure 5.4. Since 2004, there have been six transactions of more than 10,000 sq.ft., as follows:

- 2009 – Freehold sale of Saxon House, Little High Street (16,000 sq.ft.) – Classic Collection Holidays;
- 2009 – Letting of Burfree House, Teville Road (11,463 sq.ft.);
- 2008 – Letting of 16-22 Grafton Road (10,750 sq.ft.) – Marlin Financial Services;
- 2007 – Freehold sale of Highdown House, Yeoman Way (50,000 sq.ft.) – Equiniti;
- 2005 – Letting of 16-22 Grafton House (10,750 sq.ft.) – Parexel International; and
- 2005 – Freehold sale of B&C Downlands Business Park (30,000 sq.ft.) – Intercare (Cordia Healthcare).

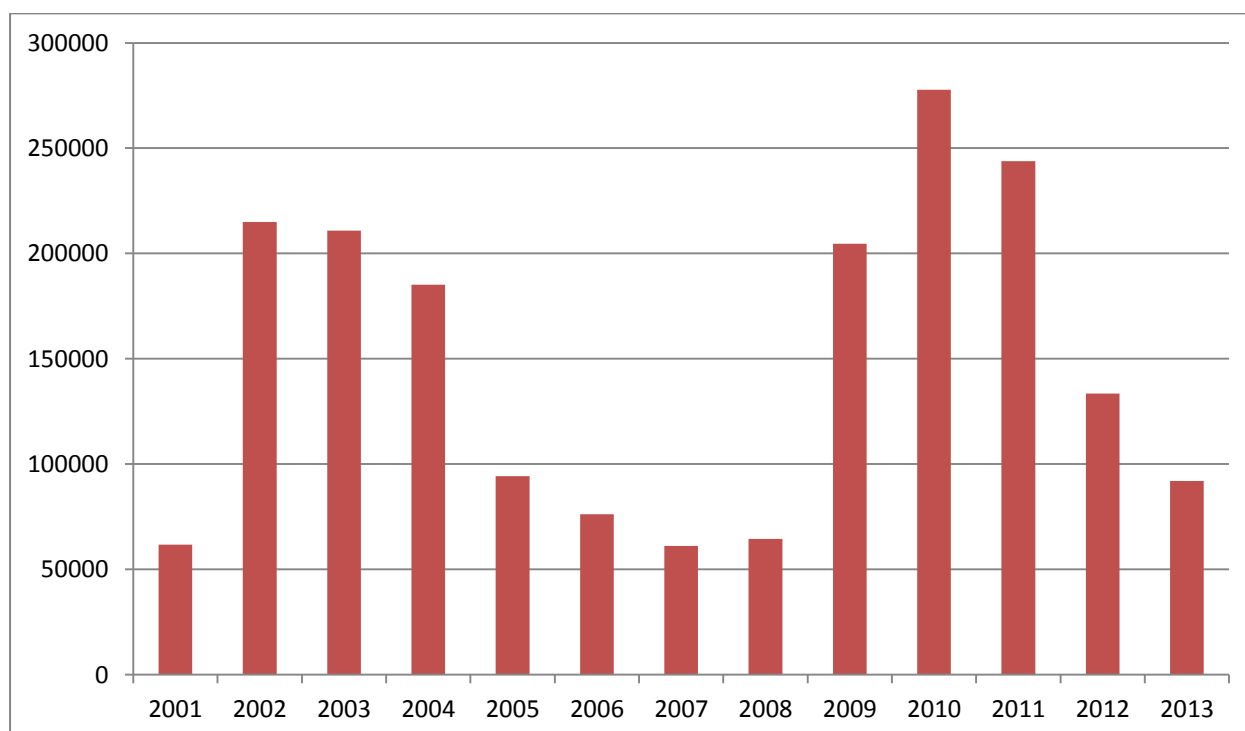
Figure 5.4: Size Breakdown of Office Transactions



Knight Frank, CoStar, EGI

- 5.19 An analysis of available office premises since 2001 has been undertaken through the analysis of Worthing Borough Council's 'Commercial Property Register' published in Spring or Summer of each of the years. Whilst the register may not include every property on the market at the specific time in question, it does provide an indication of the trends in the market over time.
- 5.20 Figure 5.5 shows that the office availability over the decade from 2001 showed a marked decrease up to 2008. After this period, two large office buildings at The Causeway and The Warren created the significant rise in the available floorspace figures during 2009-2011 before the decreases during 2012 and 2013.
- 5.21 The latest Commercial Property Register for Autumn 2013 shows a total of 106,000 sq.ft. Of the 41 office premises on the market, only three provide floorspace of over 5,000 sq.ft., which reflects the localised nature of the market. These buildings are Teville Gate House (31,337 sq.ft.), Unit M Downlands Business Park (24,543 sq.ft.) and 15 Liverpool Gardens (6,372 sq.ft.).

Figure 5.5: Office Availability (sq.ft.) in Worthing Borough 2001-2013



Source: Worthing BC Commercial Property Register Spring/Summer 2001-2013

Industrial Market Analysis

- 5.22 Worthing's industrial market is much greater in size compared to its office market, although the industrial market is limited by the 180 degree market due to the coastline. Worthing is not an important centre for large-scale distribution, with other locations such as Crawley/Gatwick and Portsmouth/Southampton being the key hubs in the sub-region.
- 5.23 There has been no change in the industrial rental values since 2009, with Prime rents in Worthing commanding values of £6.50-£7.50psf per annum and secondary space commanding values of £4.50-5.50psf per annum. In comparison, the Brighton and Crawley/Gatwick markets are more active and command higher rents compared to Worthing.
- 5.24 Local agents report a current shortage of stock in the Worthing area with occupancy rates remaining high across the industrial parks. The larger scale units of over 100,000 sq.ft. are being sub-divided to accommodate smaller scale demand. The high cost of moving is one major reason for companies staying put at the moment.

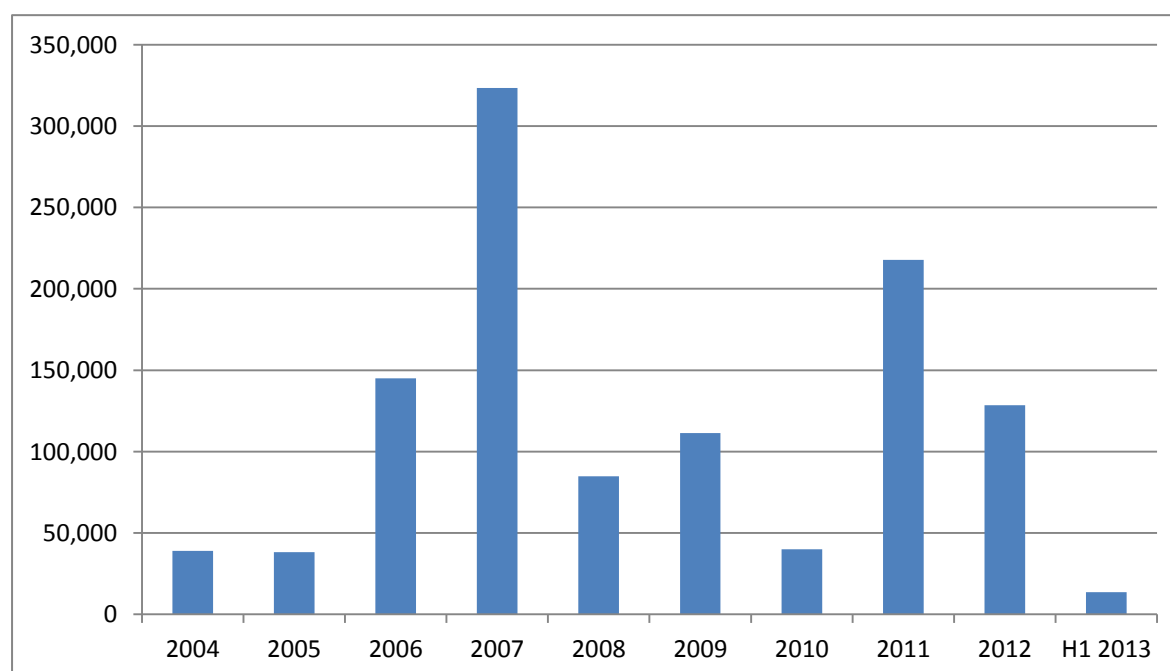
Table 5.2: Current Industrial Rental Values

Property type	Rents (£ per sq ft pa)
<i>Brighton – Prime rents</i>	£7.50 - £8.50
<i>Crawley / Gatwick – Prime rents</i>	£8.00 - £9.00
Worthing – Grade A	£6.50 - £7.50
Worthing – Good secondary	£4.50 - £5.50

5.25 Industrial take-up over the period 2004-2013 shows a fluctuating pattern of transactions on a year-on-year basis. There are several spikes in the level of take-up due to several large deals. The average annual take-up between 2004-2012 was 125,000 sq.ft.

5.26 The number of transactions between 2004-2012 has ranged from 8 to 32, with the average number of transactions over this period being 19 per annum.

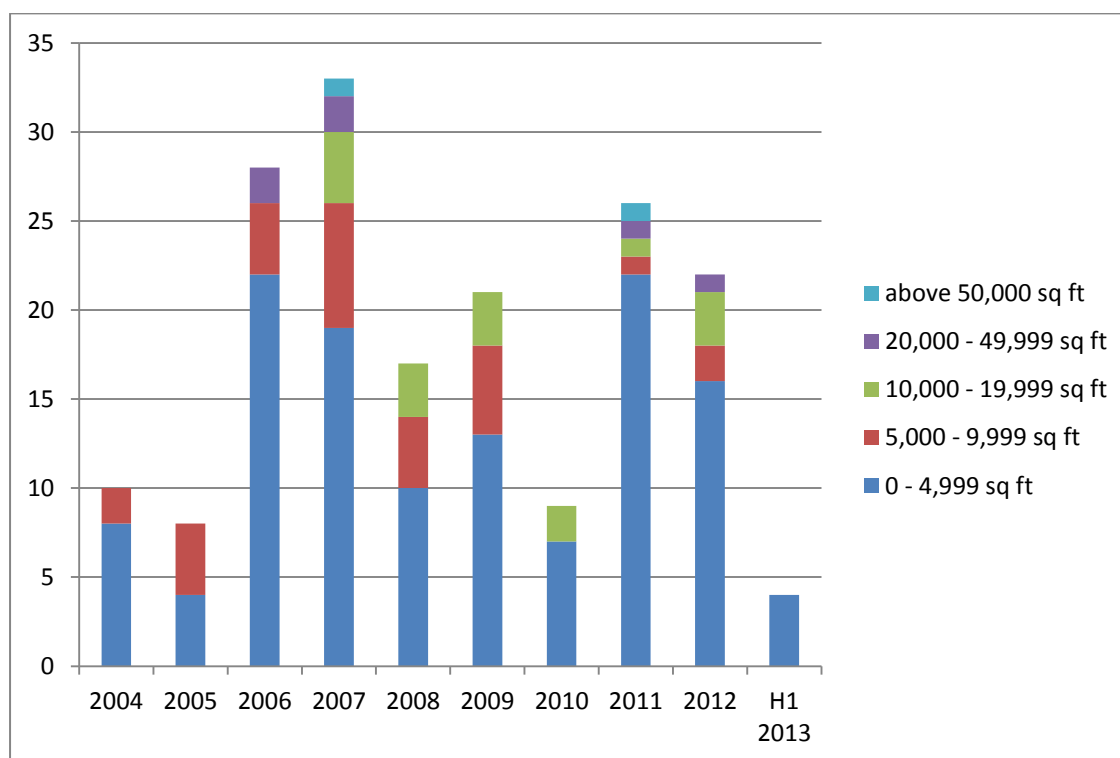
Figure 5.6: Industrial Take-up in Worthing (sq.ft.)



Knight Frank, CoStar, EGI

- 5.27 The majority of the transactions in Worthing (70%) are small requirements of below 5,000 sq.ft., as shown in Figure 5.6. Since 2004, there have been nine transactions of more than 20,000 sq.ft., as follows:
- 2012 – Letting of 1-7 Holm Oak Business Park (38,000 sq.ft.) – World of Books;
 - 2011 – Letting of Units B&C Downlands Business Park (31,487 sq.ft.) – Downlands Liability Management;
 - 2011 – Freehold sale of Eurotherm’s Facility at Dominion Way (104,556 sq.ft.) – Rayner Optical Co;
 - 2009 – Letting of Aviation House, Goring Business Park (50,829 sq.ft.) – World of Books;
 - 2007 – Letting of Units A-I Downlands Business Park (143,000 sq.ft.) – Saywell International;
 - 2007 – Freehold sale of Units K-L Downlands Business Park (23,300 sq.ft.) – Waukesha Bearings Ltd;
 - 2007 – Letting of 14 Hazelwood Trading Estate (20,355 sq.ft.) – Whitehead Fabrics Ltd;
 - 2006 – Letting of 15/16 Hazelwood Trading Estate (24,010 sq.ft.) – Pillar Seals Gaskets; and
 - 2006 – Letting of J Salbstein, Brougham Road (29,419 sq.ft.) – Jewson.
- 5.28 The largest deal in recent years was the freehold sale of the Eurotherm Ltd facility at Dominion Way, East Worthing Industrial Estate by Rayner Optical Co Ltd. This building has now been demolished and the Council anticipates a planning application in the near future.

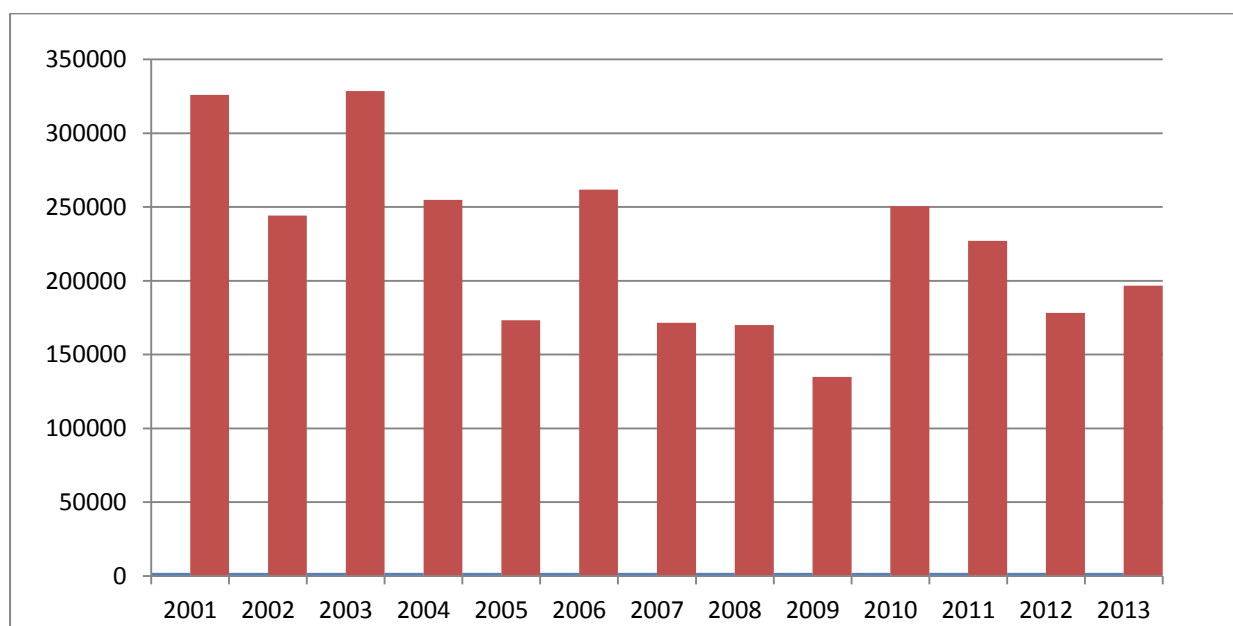
Figure 5.7: Size Breakdown of Industrial Transactions



Knight Frank, CoStar, EGI

- 5.29 Figure 5.8 shows that the industrial availability over the decade from 2001 shows a gradual decline in stock until 2009, and a marked increase in 2010 and 2011. The key changes between 2009 and 2010 included a large unit at East Worthing Industrial Estate of circa 57,000 sq.ft. plus Unit B-C Downlands Business Park of circa 31,500 sq.ft.
- 5.30 The latest Commercial Property Register for Autumn 2013 shows a total of circa 197,000 sq.ft. Of the 27 industrial premises on the market, only three provide floorspace of over 20,000 sq.ft. These buildings are Unit D/E Decoy Road East (27,480 sq.ft.), and 1-2 Easting Close (24,292 sq.ft.), both at East Worthing Industrial Estate, and Unit M Downlands Business Park (24,843 sq.ft.), which is an office/industrial building.

Figure 5.8: Industrial Availability (sq.ft.) in Worthing Borough 2001-2013



Source: Worthing BC Commercial Property Register Spring/Summer 2001-2013

- 5.31 Table 5.3 shows the estimated 'years of supply' within Worthing borough for offices and industrial by taking the average quantum of take-up per annum and dividing this by the current quantum of available space. The table shows that for both offices and industrial markets, there appears to be only 2.3 and 1.8 years of supply respectively, which is considered to be a low position.
- 5.32 We would anticipate some natural 'local churn' in the Worthing market will not have a major impact on these 'years of supply' figures. However, where the economy improves significantly, and demand for office and industrial space picks up, this may lead to landlords sub-dividing larger premises and buildings, or redeveloping ageing floorspace, especially for industrial premises, as new greenfield opportunities do not exist at the present time.

Table 5.3: Average Take-up and Years of Supply

	Offices (sq.ft.)	Industrial (sq.ft.)
2004 take-up	14,238	39,025
2005 take-up	64,512	38,148
2006 take-up	42,110	145,093
2007 take-up	89,149	323,361
2008 take-up	62,221	84,808
2009 take-up	45,107	111,472
2010 take-up	23,026	40,031
2011 take-up	28,481	217,769
2012 take-up	37,990	128,517
Average take-up (2004-2012)	45,204	125,358
Current Availability	106,061	196,661
Years of Supply	2.3	1.6

Employment Forecasts

- 5.33 This update paper does not seek to revise the employment forecasts undertaken in 2009, as this should be completed as part of a more comprehensive employment land review. At this time, the forecasts covered the period 2006-2026 for Standard Industrial Classification (SIC) employment categories. The forecast for each sector was then converted into potential additional floorspace requirements, using employment densities. Table 5.4 shows the results of these workings.
- 5.34 The table shows a net requirement for offices over the period 2006-2026 of 269,357 sq.ft. or circa 240,000 sq.ft. where Yeoman Gate is deducted from the total (built post 2006). This is the figure that is stated in the Core Strategy.
- 5.35 In terms of industrial, and storage/distribution uses, the floorspace requirements reveal a decrease in floorspace of 66,800 sq.ft. and 9,720 sq.ft. respectively. These decreases are based on reductions in jobs in manufacturing and other related sectors.
- 5.36 Even though, manufacturing jobs are set to decline over the next twenty years or so, this does not necessarily mean that the demand for industrial and warehousing space will also decline, as increases in productivity (advances in machinery and ICT etc.) can

create demand for space, whilst at the same time leading to job losses overall. Therefore, for industrial/warehousing uses, an analysis of historic completions has been undertaken, updating the dataset from 2009.

Table 5.4: Net Additional Floorspace Requirements

Use	Net additional FTE employment		Floorspace Ratio	Net additional floorspace requirement (sq ft gross)	
	2006 - 2016	2006 - 2026	Gross sq ft per FTE	2006 - 2016	2006 - 2026
B1a/b – Offices/R&D	621	1,314	205	127,292	269,357
B1c/B2 - General Industrial	20	-200	340	6,680	-66,800
B8 – Storage/Distribution	32	-18	540	17,280	-9,720
All use classes	673	1,096	-	151,252	192,837

Source: Experian Business Strategies/EP Guide to Employment Densities 2001

- 5.37 The data on completions covers the period 1985 to March 2013 and shows that a total of 1.2 million sq.ft. of floorspace was completed over this 28 year period, equating to an average completion rate of circa 43,500 sq.ft. per annum. In recent years, all new floorspace has been developed on 'previously developed land', indicating that parts of the industrial estates are being continually upgraded.
- 5.38 This indicates that over the remainder of the development plan period 2014-2026, the Council should seek to make provision for 522,000 sq.ft. of industrial/warehousing floorspace through the renewal of floorspace within existing industrial estates. This should be achievable given that our previous report showed a total of 600,000 sq.ft. of Grade C/D stock on industrial estates.

Table 5.5: Industrial Completions (B1b/c, B2 and B8 uses)

Year	Floorspace Sq.m.	Floorspace Sq.ft.
1985	10800	116250
1986	4400	47361
1987	3000	32292
1988	5160	55542
1989	5010	53927
1990	1950	20990
1991	1190	12809
1992	3420	36813
1993	460	4951
1994	1480	15931
1995	15970	171899
1996	190	2045
1997	0	0
1998*	(see notes below)	(see notes below)
1999	6420	69104
2000	1209	13014
2001	12159	130878
2002	(see notes below)	(see notes below)
2003**	7980	85896
2004/2005***	4372	47060
2005/2006	723	7782
2006/2007	16092	173213
2007/2008	832	8956
2008/2009	1692	18213
2009/2010	228	2454
2010/2011	3990	42948
2011/2012	845	9095
2012/2013	4468	48093
Total	115,732	1,227,515
Number of Years	28.25	28.25
Average per Annum	4,097	43,452

Source: West Sussex County Council/Worthing Borough Council

* 1998 completions included within 1999 total

** 2002 completions included within 2003 total

*** The data for Jan.-Mar. 2004 included within 2004/2005 total

Key Issues

5.39 The key issues arising from the demand analysis are:

- General confidence in the commercial property market is returning, following the recent years of recession.
- Demand for offices overall remains low at just 45,000 sq.ft. per annum on average, with small requirements in most demand, usually below 1,000 sq.ft. for second hand stock, with the town centre remaining the key office location for small businesses.
- There has been some movement from Brighton to Worthing as rents increase. By comparison office rents in Worthing remain static.
- The industrial market is more active with greater levels of demand at 125,000 sq.ft. per annum on average. With occupancy levels increasing on the existing industrial estates, further redevelopment is anticipated.

6 Key Sites

- 6.1 This section of the report, identifies the major changes to the key opportunity sites previous appraised in the 2009 report, and the potential opportunities that may come forward in the short term.
- 6.2 The 2009 report, appraised the following sites:
- Land adjacent to Martlets Way;
 - Northbrook College, Durrington Campus;
 - The Warren, Hill Barn Lane;
 - Decoy Farm, East Worthing Industrial Estate; and
 - The Former Lloyds TSB Building, The Causeway.
- 6.3 Since the production of the report, three of the sites now have planning permission for alternative uses, as follows:
- Northbrook College, Durrington Campus – planning permission for 117 residential units, 60 bedroom extra-care home, and a car showroom granted in 2012;
 - The Warren, Hill Barn Lane – planning permission for change of use to educational uses for Worthing College, plus 36 new residential units granted in 2011; and
 - The Former Lloyds TSB Building, The Causeway – planning permission for 154 residential units and 21,938 sq.ft. of A1 retail granted in 2011.
- 6.4 The loss of B1a floorspace from The Warren and The Lloyds TSB Building has been 184,500 sq.ft. in total, plus potential employment land at Northbrook College.

Land Adjacent to Martlets Way

- 6.5 The site extends to 4.1 hectares in three land parcels, and the 1.25 hectare former sewerage works is the site identified for employment uses.
- 6.6 The 2009 report and the Core Strategy seek to promote a mixed use solution for the site (residential and business units), in order to facilitate the development of access improvements to open up the site to deliver small scale industrial units. The former sewerage works and the gas holder sites may have contamination issues, which may impact on the viability of development particularly for employment uses.
- 6.7 A development brief should be promoted for the site, in an attempt for all landowners to work collaboratively on a solution that delivers the employment

element of the scheme through an acceptable highways solution.

- 6.8 We also understand that the Inland Revenue complex of buildings at Barrington Road may also form part of the wider development site and this may provide further opportunity to address the highways issues for the employment uses.

Decoy Farm

- 6.9 The site is 7.7 hectares in total, although it is estimated that the household waste recycling centre occupies 1.5 hectares.
- 6.10 The 2009 report and the Core Strategy seek to promote industrial uses on the site that is complementary to the waste recycling facilities that have now been upgraded on the site by the County Council. Due to the anticipated contamination issues from the landfill, open storage may prove to be the most viable employment option for the site, although other opportunities for employment uses have not been ruled out.
- 6.11 It is anticipated that the East Worthing Access Road (EWAR) is unlikely to be constructed in the foreseeable future, and therefore any potential uses of the site will need to pay careful attention to the access arrangements that will be required to serve the site.
- 6.12 Additional technical work is being undertaken to understand the contamination issues and the opportunities for built development on the site, as Decoy Farm has the scale of land to deliver a significant quantum of new floorspace for the borough over the next 20 years or so.

Key Office Locations

- 6.13 In addition, to the two key remaining undeveloped sites within borough, there are a number of office locations that may come under pressure from change of use from the recent changes to the GPDO. The change of use from B1a offices to C3 residential is time restricted for three years from 30 May 2013-2016. It is difficult to anticipate at this stage whether the GPDO will be altered permanently after this date.
- 6.14 Based on the assumption that the change of use will end on 30 May 2016, it is felt that only those buildings that can be converted easily to residential and are viable to do so could come forward during this period. In addition, the potential changes within the Energy Act 2011 making commercial buildings with EPC ratings of F and G unlawful from April 2018 could also have an influence on the supply of office stock within Worthing in future years.

- 6.15 Listed Building Consent would still be required for office buildings where there is a material change to internal listings. For example, the former Courtlands Hospital at Parklands Avenue, now owned and occupied by Bond International is a Grade II listed property, which includes a number of internal listings, which may limit the ability to convert the building and also result in a Listed Building Application being submitted.
- 6.16 Those buildings that are considered to be more at risk of a change of use, due to their location and character and potential low EPC rating are:
- Liverpool Terrace – former row of period residential properties Grade II listed;
 - Farncombe Road – a former residential area, where a number of large houses, some of which have been converted to offices.
- 6.17 Office buildings of 1960s/1970s construction may be more difficult to convert given the low floor-to-ceiling heights usually found in these buildings to run necessary services, coupled with the costs of conversion. Some of these buildings may have already been subject to a major office refurbishment in recent years, which would also make conversion to residential less cost effective. These office areas could include:
- Liverpool Gardens – includes several 1960s/70s buildings, such as Southfield House and Ridgeworth House;
 - Chatsworth Road – includes the 1960s/70s building above the Guildbourne Centre occupied by the Environment Agency;
 - Railway Approach/Teville Road – cluster of different ages of building, but including the 1960s/70s Inland Revenue building and Burfree House at Teville Road.
- 6.18 Modern office buildings with good amounts of car parking are likely to remain in office use for the foreseeable future, as there is a limited stock of good quality offices within the borough. These office areas include:
- Yeoman Way – Southern House, Highdown House, Yeoman Gate Business Park;
 - Downlands Business Park – includes both B1a and B8 units, so would not provide an attractive residential location;
 - North Street/High Street – includes Saxon House
 - Crescent Road – particularly Amelia House
- 6.19 The current Core Strategy policies to protect office areas within the town centre and edge-of-centre locations would be more difficult to justify as part of any revised Core Strategy, where the temporary changes to the GPDO are made permanent.

Key Issues

6.20 The key issues arising from the Key Sites audit are:

- The borough has lost a significant amount of office space in recent years, and this may continue with the Government's changes to the planning system, including the GPDO.
- Martlets Way and Decoy Farm have site constraints that require proactive work and collaborative solutions to ensure delivery over the Core Strategy period. The demand for industrial premises remains good, so the prospects for development are positive.
- Additional changes to the office stock are anticipated, especially with buildings that are easily convertible to residential and have a low EPC rating.

7 Conclusions and Recommendations

Economic Drivers

- 7.1 The economic conditions Nationally, remain cautiously optimistic following a period of recession and rationalisation in a number of industries. Locally, Worthing appears to have experienced a small net loss in the quantum of business, although the key large employers remain in the Borough, and the high occupancy levels on the industrial estates point to a fairly resilient economy.
- 7.2 The economic base of the Borough continues to be dominated by the public sector, retail and catering and financial and professional services. Manufacturing remains a key sector of the local economy even though increasingly less people are employed in these industries. The recent announcement by GSK confirming its renewed investment in its Worthing facility demonstrates the importance of the maintaining these businesses and skills locally.
- 7.3 In terms of office-based sectors, whilst the financial services sector has continued to experience structural change during recent years, the Borough, and in particular the town centre remains a key location for local professional services. In addition to this, there are increasing opportunities for the Borough to promote remote-based businesses in multi-media, marketing etc. based on a more affordable business location to Brighton.

Policy Drivers

- 7.4 Since 2009, the continuing pressures on housing delivery have led to the Government introducing key planning changes, such as the National Planning Policy Framework, with the presumption in favour of sustainable development and need for Council's to evidence a five-year housing supply. And more recently, the temporary changes to the GPDO from offices to residential.
- 7.5 In addition, the Government's proposed limitations on the letting of commercial buildings with a low EPC rating (F or G) from April 2018 is starting to be factored into the investment decisions of landlords.
- 7.6 As a result of these changes it is anticipated that a number of offices are likely to be vulnerable to a change of use. The Council has received two notifications for change of use so far, and the key office areas which appear to be vulnerable to change of use are Liverpool Terrace and Farncombe Road, both of which comprise former houses that were converted to offices.

Supply and Demand Dynamics

- 7.7 The Borough has experienced a significant loss of office space in out-of-town locations within the borough in recent years. The town centre and edge-of-centre office clusters remain the key focus for small businesses, and little has changed here since 2009. Demand continues to be local, although there has been some movement from Brighton demonstrating the clear differential in prime rents. Major inward investment with large office requirements is not anticipated for the foreseeable future.
- 7.8 In terms of the industrial market, the high occupancy levels and lack of serviced sites, is leading to increased renewal within estates. This pattern is likely to continue, especially where Decoy Farm, and Martlets Way remain undeveloped due to existing site constraints.

Council's Response

- 7.9 The Council's protectionist policy towards industrial estates remains valid given the current evidence that indicates high levels of occupancy, low levels of vacancies and continued demand for space.
- 7.10 The increases in the level of self-employed in the borough may provide a potential seed-bed for new business activity and developing firms in future years, as underpinned by the level of forecasted office space set out in the 2009 report and the Core Strategy. To help nurture new business, the provision of incubator and serviced office space needs to improve, and the proposed new facility at the Guildbourne Centre and / or any other appropriate locations would help to achieve this.
- 7.11 'Move-on' space for these new office based firms will remain important, especially in and around the town centre, which should remain the prime focus as it helps to underpin the town centre economy. The Council's current protectionist policy for offices may be difficult to achieve if the temporary change to the GDPO is made permanent.
- 7.12 Therefore, the Council may need to adopt a more flexible policy for offices moving forward because of these changes, and seek to deliver new office floorspace through mixed-use schemes to counter balance the potential losses through potential changes of use.